



OUHUA ENERGY HOLDINGS LIMITED

(Incorporated in Bermuda on 3 January 2006)
(Company Registration Number 37791)

Unaudited Financial Statements For The First Quarter Ended 31 March 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS

1(a)(i) An income statement and statement of comprehensive income, for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2016

(RMB'000)	First quarter ended		% change
	31 March 2016	31 March 2015	
Revenue	553,303	345,050	60.4%
Cost of sales	(522,565)	(305,880)	70.8%
Gross profit/(loss)	30,738	39,170	(21.5)%
Other operating income	1,793	194	824.2%
Selling and distribution expenses	(12,162)	(6,707)	81.3%
Administrative expenses	(5,314)	(5,122)	3.7%
Other operating expenses	(2,221)	(3,971)	(44.1)%
Finance costs	(6,056)	(5,458)	11.0%
Profit before income tax	6,778	18,106	(62.6)%
Income tax expense	-	-	
Profit for the financial period	6,778	18,106	(62.6)%

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2016

(RMB'000)	First quarter ended		% change
	31 March 2016	31 March 2015	
Profit for the financial period	6,778	18,106	(62.56)%
Other comprehensive income			
Foreign currency translation differences	30	52	(42.31)%
Total comprehensive income for the period	6,808	18,158	(62.51)%

Notes:

- (1) The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (the "IFRS").
- (2) In accordance with the new PRC Corporate Income Tax Law, the applicable income tax rate for all PRC domestic enterprises and Foreign Investment Enterprises is 25% with effect from 1 January 2008. The Company's subsidiary, Chaozhou Ouhua Energy Co., Ltd., was incorporated as a wholly-owned foreign enterprise and is able to enjoy full exemption from PRC income tax for the first two years commencing from its first profitable year (FY2007) and thereafter entitled to a 50% exemption from the PRC income tax for the next three years.

1(a)(ii) Other information:

Unaudited statement of comprehensive income before income tax has been arrived at after (charging)/crediting:

(RMB'000)	First quarter ended		% change
	31 March 2016 (Unaudited)	31 March 2015 (Unaudited)	
Depreciation of property, plant and equipment	(3,719)	(3,412)	9.00%
Interest expense	(6,056)	(5,458)	10.96%
Interest income	36	50	(28.0)%
Foreign exchange gain/(loss)	(1,233)	(3,858)	(68.04)%

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

UNAUDITED STATEMENT OF FINANCIAL POSITION

(RMB'000)	Group		Company	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	As at 31 March 2016	As at 31 December 2015	As at 31 March 2016	As at 31 December 2015
Non-current assets				
Property, plant and equipment	173,471	176,358	-	-
Investments in subsidiaries	-	-	156,277	156,277
	<u>173,471</u>	<u>176,358</u>	<u>156,277</u>	<u>156,277</u>
Current assets				
Inventories	84,469	53,560	-	-
Trade and other receivables	104,427	96,053	88	127
Due from related parties	98,311	104,514	-	-
Margin deposit with broker	1,478	1,485	1,478	1,485
Available for sales investment	100	75,500	-	-
Pledged fixed deposits	6,014	3,874	-	-
Cash and cash equivalents	100,252	36,322	68	143
	<u>395,051</u>	<u>371,308</u>	<u>1,634</u>	<u>1,755</u>
Less:				
Current liabilities				
Trade and other payables	65,444	69,121	4,256	3,634
Due to subsidiaries	-	-	24,450	24,572
Due to a related party	5,112	4,208	3,492	4,208
Short-term borrowings	403,044	386,223	-	-
Income tax payables	2,317	2,317	-	-
	<u>475,917</u>	<u>461,869</u>	<u>32,198</u>	<u>32,414</u>
Net current (liabilities)/ assets	<u>(80,866)</u>	<u>(90,561)</u>	<u>(30,564)</u>	<u>(30,659)</u>
Net assets	<u>92,605</u>	<u>85,797</u>	<u>125,713</u>	<u>125,618</u>
Shareholders' equity				
Share capital	149,488	149,488	149,488	149,488
Share premium	130,298	130,298	130,298	130,298
Statutory reserve	15,662	15,662	-	-
Foreign currency translation reserve	5,884	5,854	5,965	5,813
Accumulated losses	(208,727)	(215,505)	(160,038)	(159,981)
Equity attributable to equity holders of the Company	<u>92,605</u>	<u>85,797</u>	<u>125,713</u>	<u>125,618</u>

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

(RMB'000)	<u>As at 31 March 2016</u>		<u>As at 31 December 2015</u>	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings				
- short-term loan	192,300	-	207,000	-
- trust receipts	210,744	-	179,233	-
	<u>403,044</u>	<u>-</u>	<u>386,233</u>	<u>-</u>

Amount repayable after one year

None.

Details of any collateralAs at 31 March 2016

The short-term loan of RMB 192.3 million is secured by a mortgage over six of the Group's refrigerated storage tanks, a vessel named 'Ouhua XI', a personal guarantee given by Mr Liang Guo Zhan (Executive Chairman) and a corporate guarantee given by several related parties.

The trust receipt facility of RMB 210.74 million is secured by fixed deposits and guarantee given by Mr Liang Guo Zhan (Executive Chairman) and corporate guarantees given by several related parties.

As at 31 December 2015

The short-term loan of RMB 207 million is secured by a mortgage over six of the Group's refrigerated storage tanks, a vessel named 'Ouhua XI' , a personal guarantee given by Mr Liang Guo Zhan (Executive Chairman) and a corporate guarantee given by several related parties.

The trust receipt facility of RMB 179.23 million is secured by fixed deposits and guarantee given by Mr Liang Guo Zhan (Executive Chairman) and corporate guarantees given by several related parties.

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016

UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS

(RMB'000)

	First quarter ended	
	31-Mar-16 (Unaudited)	31-Mar-15 (Unaudited)
Cash flows from operating activities		
Profit before income tax	6,778	18,106
Adjustments for:		
Depreciation of property, plant and equipment	3,719	3,535
Interest income	(36)	(50)
Interest expense	6,056	5,458
Operating profit before working capital changes	16,517	27,049
Working capital changes:		
Inventories	(30,910)	5,293
Trade and other receivables	(8,372)	43,832
Due from related parties	6,203	(5,582)
Trade and other payables	(2,777)	(49,087)
Margin deposit	7	13
Due to a related party	-	(699)
Cash generated from/(used in) operations	(19,332)	20,819
Interest paid	(6,051)	(5,458)
Interest received	36	50
Net cash generated from/(used in) operating activities	(25,347)	15,411
Cash flows from investing activities		
Purchase of property, plant and equipment	(833)	(581)
Sale of available-for-sale investments	75,400	65,010
Net cash flows generated from investing activities	74,567	64,429
Cash flows from financing activities		
Decrease in pledged fixed deposits	(2,140)	33,095
Proceeds from bank borrowings	263,788	238,339
Repayment of bank borrowings	(246,968)	(167,143)
Net cash from financing activities	14,680	104,291
Exchange differences arising from translation of foreign entities	30	52
Net increase in cash and cash equivalents	63,930	184,183
Cash and cash equivalents at beginning of the financial year	36,322	21,500
Cash and cash equivalents at end of the financial year	100,252	205,683

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited statement of changes in equity for the three months ended 31 March 2016

The Group

(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total equity
Balance at 1 January 2015	149,488	130,298	15,662	6,105	(267,426)	34,127
Total comprehensive income for the period				52	18,106	18,158
Balance at 31 March 2015	149,488	130,298	15,662	6,157	(249,320)	52,285
Total comprehensive (loss)/income for the period	-	-	-	(303)	33,815	33,512
Balance at 31 December 2015	149,488	130,298	15,662	5,854	(215,505)	85,797
Total comprehensive income for the period	-	-	-	30	6,778	6,808
Balance at 31 March 2016	149,488	130,298	15,662	5,884	(208,727)	92,605

The Company

(RMB'000)	Share capital	Share premium	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total equity
Balance at 1 January 2015	149,488	130,298	-	7,154	(158,132)	128,808
Total comprehensive income/(loss) for the period	-	-	-	3,235	(154)	3,081
Balance at 31 March 2015	149,488	130,298	-	10,389	(158,286)	131,889
Total comprehensive loss for the period	-	-	-	(4,576)	(1,695)	(6,271)
Balance at 31 December 2015	149,488	130,298	-	5,813	(159,981)	125,618
Total comprehensive income/(loss) for the period	-	-	-	152	(57)	95
Balance at 31 March 2016	149,488	130,298	-	5,965	(160,038)	125,713

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There were no new shares issued in the first quarter ended 31 March 2016 and no outstanding convertibles or treasury shares held as at 31 March 2016 and 31 March 2015.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 March 2016 and 31 December 2015, the Company has 383,288,000 total issued shares (excluding treasury shares) at US\$0.05 each fully paid up.

1(d)(iv) A statement showing all sales, transfers disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the same accounting policies and methods of computation as stated in the audited financial statements for the year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

None.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-**
 (a) **Based on the weighted average number of ordinary shares on issue; and**
 (b) **On a fully diluted basis (detailing any adjustments made to the earnings).**

	First quarter ended	
	31 March 2016	31 March 2015
	(Unaudited)	(Unaudited)
Earnings / (Loss) per share – basic (RMB cents)	1.77	4.72

The basic earnings/(loss) per ordinary share for the first quarter ended 31 March 2016 and 31 March 2015 have been calculated based on the weighted average share capital of 383,288,000 shares.

The diluted earnings/(loss) per share for the above periods have not been calculated as no diluting events occurred during these periods.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
 (a) **current financial period reported on; and**
 (b) **immediately preceding financial year.**

	Group		Company	
	As at 31 March 2016	As at 31 December 2015	As at 31 March 2016	As at 31 December 2015
NAV per share (RMB cents)	24.16	22.38	32.80	32.77

The net asset value per ordinary share as at 31 March 2016 and 31 December 2015 are calculated using the Company's and Group's net asset values as at the end of each period divided by the outstanding share capital of 383,288,000 ordinary shares.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
 (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

Review of the Group's Performance for the first quarter ended 31 March 2016 ("1Q2016") as compared to that of the first quarter ended 31 March 2015 ("1Q2015")

Revenue

Revenue increased by approximately 60.4% or RMB208.25 million, mainly due to the increase of sales volume of LPG from 94,745 tones 1Q2015 to 208,005 tones 1Q2016. This is partially offset by the drop of average sale price of LPG from RMB3,642 per ton in 1Q2015 to RMB2,660 per ton in 1Q2016. Price competitiveness of LPG as compared to substitute products contributed to the increase of local demand during the period.

Gross Profit/ (Loss)

Gross profit decreased by RMB8.43 million as compared to 1Q2015. Correspondingly, gross profit margin decreased from 11.35% in 1Q2015 to 5.6% in 1Q2016.

Other operating income

Other operating income increased by RMB1.6 million or 824.2% as compared to 1Q2016. This is mainly due to the increase in vessel rental income of RMB1.23 million and the increase in the tugboat income of RMB0.17 million.

Operating expenses

Operating expenses decreased by RMB3.9 million or 24.7% mainly due to the following:

- (i) Selling and distribution expenses increased by approximately RMB5.45 million or 81.3%. There has been an increase in marine freight of RMB3.9 million, an increase in land freight of RMB0.49 million and increase in the tugboat charges of RMB1.36 million due to a sharp rise of sales volume of LPG product, partially offset by a decrease in the vehicle charges of RMB0.13 million,.
- (ii) Administrative expenses slightly increased by RMB0.19 million or 3.7%. There has been an increase in port construction expenses of RMB0.38 million and increase in the stamp duty of RMB0.11 million, partially offset by a decrease of board meeting fee of RMB0.18, a decrease in the consulting fee of RMB0.12 million, decrease in salary of RMB0.1 million.
- (iii) Other operating expenses decreased by RMB1.75 million or 44.1%. There has been a decrease in the foreign exchange losses of RMB2.63 million, partially offset by an increase in bank charge of RMB0.85 million.

Finance cost

Finance costs increased by approximately RMB0.6 million or 11% mainly due to an increase in interest expenses and the increase in the average loans from banks.

(b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**Review of the Group's Financial Position as at 31 March 2016 and the Group's Financial Position as at 31 December 2016**

Current assets increased by approximately RMB23.74 million or 6.39% from RMB371 million as at 31 December 2015 to RMB395 million as at 31 March 2016. This is mainly due to an increase in cash and cash equivalents of RMB63.93 million, an increase in inventories of RMB30.91 million and increase in trade and other receivables of RMB8.37 million, partially offset by the decrease in available-for-sale investments of RMB75.4 million and due from related parties of RMB6.2 million.

Current liabilities increased by approximately RMB14.05 million or 3.04% from RMB461.87 million as at 31 December 2015 to RMB475.92 million as at 31 March 2016. This is mainly due to an increase in short term borrowings of RMB16.82 million, partially offset by decrease in the trade and other payables of RMB3.68 million.

Review of the Group's Cash Flow Statements for 1Q2016

Net cash generated used in operating activities amounted to approximately RMB25.35 million. This is mainly due to the net cash outflows of working capital of RMB35.85 million and net interest payment of RMB6.02 million, partially offset by the profit before income tax of RMB18.11 million, after adding non-cash items of RMB8.94 million.

Net cash outflows from working capital mainly caused by an increase in the inventories of RMB30.91 million, the increase in the trade and other receivables (excluding interest receivables) of RMB8.37 million and the decrease in trade and other payables (excluding interest payables) of RMB2.78 million, partially offset by decrease in the due from related parties of RMB6.2 million.

Net cash generated from investing activities amounted to RMB74.57 million due to proceeds from withdrawal of available-for-sale investments of RMB75.4 million.

Net cash generated from financing activities amounted to RMB14.68 million mainly due to an increase in bank borrowings.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has previously been disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The global market and economic growth in the following months until end of 2016 will be full of uncertainties and challenges. Going forward, over the next 12 months, the international oil prices are likely to remain volatile and the lower economic growth rate for China and weaker RMB are likely to continue. These adverse external factors will continue to pose big challenges for our LPG business and our Group.

However, international oil prices having declined very substantially recently may also provide some opportunities for better economic and business conditions for China and our Group, this was evidenced by our favorable performance in first quarter of 2016. Our Group will continue to be prudent in managing our business risks, controlling our operating costs and will take advantage of all opportunities going forward to cope with all our challenges and strive to enhance our profitability as soon as possible.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

None.

**(b) (i) Amount per share in cents
(ii) Previous corresponding period in cents**

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the first quarter ended 31 March 2016.

13. Summary of Interested Person Transactions for the financial period ended 31 March 2016

The aggregate values of interested person transactions for the financial period ended 31 March 2016 are as follows:

Name of interested person	Aggregate value of all interested person transactions for the financial period ended 31 March 2016 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than \$100,000) RMB'000
Chaozhou Huafeng (Group) Incorporation Ltd			
◦ Lease of LPG transportation vehicles		-	103
◦ Marine freight service	2,518	-	-
◦ Lease of LPG transportation vessel	1,231	-	-
Chaozhou Zhongkai Huafeng Energy Retail Chain Co., Ltd.			
◦ Sale of LPG	-	49,565	49,565
Chaozhou Huafeng Petroleum and Warehouse Co., Ltd.			
◦ Lease of storage tankers	-	-	-
◦ Purchase of petrol for car usage	-	-	-
Chaozhou Huafeng Refining Co., Ltd			
◦ Lease of port terminals, land use rights, office premises and staff dormitory	-	1,341	1,341
Chaozhou Kaihao Huafeng Gas Station Co., Ltd			
◦ Purchase of petrol for car usage	17	-	-

14. Confirmation pursuant to Rule 705(5) of the Listing Manual of the SGX-ST

We, Liang Guo Zhan and Ye Tian Shun, being Directors of Ouhua Energy Holdings Limited ("the Company"), do hereby confirm, for and on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the first quarter ended 31 March 2015 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors
of Ouhua Energy Holdings Limited

Liang Guo Zhan
Executive Chairman

Ye Tian Shun
Executive Director

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all the directors and executive officers under Rule 720(1).

BY ORDER OF THE BOARD

Liang Guo Zhan
Executive Chairman
13 May 2016